

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 95-1210-E - ORDER NO. 95-1705 ✓

NOVEMBER 27, 1995

IN RE: Application of Carolina Power &	) ORDER GRANTING
Light Company for Authority to Issue	) AUTHORITY TO ISSUE
Additional Securities Pursuant to	) SECURITIES PURSUANT
Revolving Credit Agreement.	) TO REVOLVING
	) CREDIT AGREEMENT

This matter comes before the Public Service Commission of South Carolina (the Commission) upon Application of Carolina Power & Light Company (Company), filed on November 9, 1995, requesting authority to issue securities pursuant to an Amended and Restated Revolving Credit Agreement by and between the Company and Citibank, N.A., as agent for certain Lender banks.

FINDINGS OF FACT

1. The Company's correct name and post office address is Carolina Power & Light Company, Post Office Box 1551, Raleigh, NC 27602. The name and post office address of its attorney are Patricia Kornegay-Timmons, Post Office Box 1551, Raleigh, North Carolina 27602. The Company is a corporation organized and existing under the laws of the State of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, delivering and furnishing electricity to the public

for compensation.

2. The Company's capital stock outstanding at September 30, 1995 consisted of Common Stock with a stated value of \$1,439,813,785 and Preferred Stock having a stated value of \$143,800,900. As of September 30, 1995, the retained earnings of the Company were \$1,386,253,136.

The Company's existing long-term debt at September 30, 1995 consisted of principal amounts of \$2,096,756,000 in First Mortgage Bonds and \$670,002,500 in other long-term debt. The First Mortgage Bonds were issued under and pursuant to an Indenture of Trust dated as of May 1, 1940, duly executed by the Company to The Bank of New York (formerly Irving Trust Company), as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by W. T. Cunningham, who presently is acting as Individual Trustee, as supplemented by sixty-three Supplemental Indentures.

3. By Order dated August 24, 1984, issued in Docket No. 84-345-E, this Commission approved a six-year Revolving Credit Agreement (the "1984 RCA") in the amount of \$170,000,000 between the Company and Citibank, N.A. ("Citibank"), as agent for certain Lender banks. Pursuant to that Order, the Commission authorized the Company to issue securities in the form of promissory notes under the 1984 RCA. The 1984 RCA by its terms expired on August 28, 1990. Pursuant to an Order dated October 30, 1990, issued in Docket No. 90-619-E, the Commission authorized the Company to enter into an Amended and Restated Credit Agreement in the amount

of \$125,000,000, with Citibank, as agent for eleven Lender banks (the "1990 RCA"). That Order authorized the Company to issue securities in the form of promissory notes under the 1990 RCA. The 1990 RCA is for a term of three (3) years, which is automatically extended on an annual basis for an additional year, subject to termination on two (2) year's notice by the Lender banks. In a subsequent Order dated December 16, 1991, issued in Docket No. 90-619-E, this Commission approved the amendment of the 1990 RCA to (i) extend the termination date from August 31, 1993 to August 31, 1994, and (ii) change the annual commitment fee on the average daily unused portion of the total amount of available credit from 3/20 of one percent to 3/16 of one percent. In that Order, the Commission also authorized the Company to make certain minor modifications and amendments to the 1990 RCA as the Company and the participating Lender banks deem necessary from time to time. Pursuant to that Order, modifications not requiring Commission approval were made to the 1990 RCA by two (2) Letter Amendments which, among other things, (i) reduced the total commitment under the 1990 RCA from \$125,000,000 to \$115,000,000, and (ii) reduced the commitment fee to 13.5 basis points. The current termination date of the 1990 RCA is August 31, 1997.

4. The Company now proposes to renegotiate the 1990 RCA, including the subsequent modifications made by Letter Amendments, in the draft form attached to the Company's Application as Exhibit A, the Amended and Restated Revolving Credit Agreement (the "1995 RCA"). The amount of the 1995 RCA is \$165,000,000. The 1995 RCA

is for a term of five (5) years, which can be extended on the second anniversary of the date of the 1995 RCA, and every two (2) years thereafter, for an additional two (2) years. Pursuant to the 1995 RCA, the Company has the option of three different interest rates per annum on any borrowings, to be determined by reference to the following provisions of Exhibit A: (i) Section 2.07, and (ii) the matrix set forth in the definition of Applicable Margin provided in Section 1.01.

5. The Company estimates that it will incur expenses of approximately \$25,000 in connection with the negotiation and execution of the 1995 RCA. Additionally, the Company will be charged a commitment fee of 9 basis points, which is subject to increase based upon a change in ratings of the Company's First Mortgage Bonds by Standard and Poor's or Moody's in accordance with the matrix set forth in Section 2.04 of Exhibit A. This commitment fee represents a reduction from the fee of 13.5 basis points per annum which was agreed to in connection with the 1990 RCA by Letter Amendment, dated August 25, 1994, between the Company and Citibank.

6. The Company also proposed that the Commission authorize the Company to make minor modifications and amendments to the 1995 RCA as the Company and the participating Lender banks deem necessary from time to time; provided, that in no event would the Company amend the 1995 RCA to increase the amount of total commitment or the rate of interest without the approval of the Commission. The Company believes that by granting this authority,

the Commission will avoid having to get involved in such minor modifications and amendments and will be able to devote its attention to more substantial matters.

7. In compliance with Order No. 91-72 issued in Docket No. 91-032-E, the Company provided the following information:

- a. Because the effect on the balance sheet of the proposed revolving credit facility is nominal, a restated income statement and balance sheet were not provided.
- b. No funds will be generated to the Company as a result of the proposed revolving credit facility. The 1995 RCA itself, however, is an essential element of the Company's commercial paper borrowing program since it acts as a backup to this program and other short-term obligations. Rating agencies require such backup facilities in order to maintain the ratings on the Company's short-term obligations.
- c. If the authority to issue securities pursuant to the 1995 RCA is delayed or not approved, the Company's ability to provide liquidity support to low-cost debt such as commercial paper and other short-term obligations will be impaired.
- d. The information on the expected rate of interest is provided in Paragraph 4 of the Application.
- e. The Company has been able to negotiate an

extension in the term of the facility from three to five years while also decreasing the commitment fees.

- f. The impact of the proposed transaction on the Company's capital structure is nominal.

CONCLUSIONS OF LAW

1. From a review and study of the Application, its supporting data and other information in the Commission's files, the Commission finds the transaction or transactions herein proposed:

- (i) Are for a lawful object within the corporate purposes of the Company;
- (ii) Are compatible with the public interest;
- (iii) Are necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;
- (iv) Will not impair the Company's ability to perform its public service; and
- (v) Are reasonably necessary and appropriate to provide adequate funds for such corporate purposes.

2. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

3. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with

respect to any provision of this Order in accordance with the law.

IT IS, THEREFORE, ORDERED:

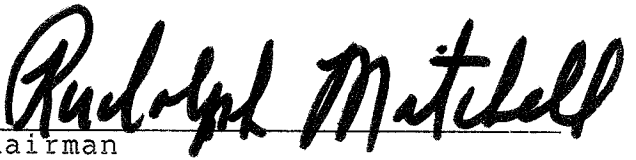
1. That Carolina Power & Light Company be and hereby is authorized and empowered (i) to enter into the 1995 RCA as described in the Application, (ii) to issue securities in the form of promissory notes pursuant to the 1995 RCA at such times as the Company desires to borrow funds pursuant to the 1995 RCA, and (iii) to execute, deliver and carry out such instruments, documents and agreements as shall be necessary or appropriate in order to effectuate such transaction. It is further ordered that: (iv) the terms and conditions of the 1995 RCA substantially described in the draft 1995 RCA attached to the Company's Application as Exhibit A are hereby approved; and (v) the Company be authorized, empowered and permitted to make minor modifications and amendments to the 1995 RCA as the Company and the participating Lender banks deem necessary from time to time; provided, that in no event shall the Company amend the 1995 RCA to increase the amount of the total commitment or the rate of interest without the prior approval of this Commission.

2. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

3. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)